

**Financial Statements and Reports of
Independent Certified Public Accountant
Town of Lenapah, Oklahoma
June 30, 2013**

**TURNER & ASSOCIATES, PLC
Certified Public Accountants
P.O. Box 378
Vinita, OK 74301
918.256.6788**

**Town of Lenapah, Oklahoma
Town Officials
June 30, 2013**

Board of Trustees

Mayor	Steve Lafferty
Member	Shawn Triebel
Member	Danny Jackson
Member	KY Cole
Member	Shane Talbott

Town Clerk

Lisa Cook

PWA Superintendent

Sidney Hudson

PWA Clerk

Lisa Cook

Town of Lenapah, Oklahoma
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INDEPENDENT AUDITOR'S REPORT

To the Town Council
Town of Lenapah, Oklahoma

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Lenapah, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Lenapah, as of June 30, 2013, in accordance with accounting principles generally accepted in the United States of America

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

TURNER & Associates, PLLC

Vinita, Oklahoma
April 5, 2017



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Town Council
Town of Lenapah, Oklahoma

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Town of Lenapah, Oklahoma, as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the Town of Lenapah's financial statements, and have issued our report thereon dated April 5, 2017. The Town of Lenapah did not present the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to supplement, although not to be part of, the basic financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Lenapah's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Lenapah's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Lenapah's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting, describe in the accompanying schedule of findings and responses that we consider to be material weaknesses in internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies 2013-1, 2013-3 and 2013-4, described in the accompanying schedule of findings and responses to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency 2013-2, described in the accompanying schedule of findings and responses to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Lenapah's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Lenapah Response to Findings

The Town of Lenapah's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Town of Lenapah's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, the communication is not suitable for any other purpose.

TURNER & ASSOCIATES, PLLC

Vinita, Oklahoma
April 5, 2017

**Town of Lenapah, Oklahoma
Schedule of Findings and Responses
For the Year Ended June 30, 2013**

2013-1 Material Adjusting Journal Entries

Criteria:

The government's management is responsible for internal controls over accounting and financial reporting. This responsibility includes the design and implantation of controls over the fair and complete presentation of the government's annual financial statements in accordance with generally accepted accounting principles (GAAP) from trial balances derived from the government's accounting records. For trial balances to be both complete and accurate, the government must have effective internal controls over recording, processing, summarizing, and adjusting accounting data. As evidence of effective internal controls over accounting and financial reporting, there should generally be few, if any, material adjustments to the trial balances required that are detected and corrected solely as a result of the financial statement audit. In other words, government management should not rely on the external auditor to detect and correct material misstatements in the books and records as part of its internal control, but rather should have its own procedures designed and in place that are independent of the external auditor to provide reasonable, although not absolute, assurance that material misstatements will be detected and corrected in its trial balances prior to audit.

Condition:

The government's trial balances for the year ended June 30, 2013, required a number of material adjusting journal entries in order for the financial statements to be prepared in accordance with GAAP. These necessary adjusting entries, identified solely as a result of the financial statement audit, included such adjustments as the following: adjusting accounts receivable/accounts payable, adjusting note activity for unrecorded debt, recording adjustments from the prior period, writing off outstanding checks, and adjusting depreciation.

Cause:

The Government's accounting and financial reporting staff does not possess the necessary knowledge, expertise and education, relative to the complex nature of applying GAAP applicable to state and local governments, sufficient to provide reasonable assurance that the trial balances used for preparing the GAAP financial statements are complete and accurate prior to audit. As a result, management has had to rely on the external auditors to identify and correct a number of material misstatements in the trial balances.

Effect:

As a result of this condition, without reliance on its external auditors, the government lacks the necessary internal controls over the completeness and accuracy of the trial balances that are used in the preparation of its financial statements in accordance with GAAP. This condition can result in undetected and uncorrected material misstatements in the financial statements that are not detected by management and may also not be detected by the financial statement audit. In addition, if management's intentions are to continue to rely on the external auditor to detect and correct material misstatements, this condition could place the auditor in a questionable position regarding auditor independence as a result of the auditor performing part of management's functions regarding to the trial balances.

**Town of Lenapah, Oklahoma
Schedule of Findings and Responses
For the Year Ended June 30, 2013**

2013-1 Material Adjusting Journal Entries (continued)

Recommendation:

The government should consider designing and implementing sufficient internal controls over the completeness and accuracy of trial balances by obtaining the necessary knowledge, expertise, and continuing education to apply GAAP in the development of working trial balances that will be used to prepare the government's annual financial statements. This could be achieved through employment of qualified accounting staff or the outsourcing of these control activities to a qualified accounting firm other than the external auditor.

Client Response:

No response.

**Town of Lenapah, Oklahoma
Schedule of Findings and Responses
For the Year Ended June 30, 2013**

2013-2 Deposit Requirements

Criteria:

According to Public Deposits (62 O.S., S. 517.3b & 62 O.S., S. 34.57 C.2.) the treasurer of every public entity shall deposit daily, not later than the immediately next banking day, all funds and monies of whatsoever kind that shall come into the possession of the treasurer by virtue of the office. Receipts of less than One Hundred Dollars (\$100.00) may be held until accumulated receipts equal One Hundred Dollars (\$100.00) or for five (5) business days, whichever occurs first, and shall then be deposited no later than the next business day.

Condition:

The Public Works Authority deposits are not always made daily.

Cause:

The cash and checks received by the Public Works Authority are not always being deposited daily or even the following day.

Effect:

The Public Works Authority is not in compliance with state statute. The Authority's funds received are at risk of loss from burglary, misplacement, or misappropriation, additionally the cash is not available for expenditures or investment.

Recommendation:

We recommend that deposits be made on a daily basis, or at least the following day, both to improve cash flow and to reduce the risk of loss.

Client Response:

No response.

**Town of Lenapah, Oklahoma
Schedule of Findings and Responses
For the Year Ended June 30, 2013**

2013-03 Overspent General Fund Department Budgets

Criteria:

State Statute 11 O.S. §17-201 through 17-218 states “If at any time during the budget year it appears probable that revenues available will be insufficient to meet the amount appropriated, or that due to unforeseen emergencies there is temporarily insufficient money to meet the requirements of appropriation, the governing body shall take action as it deems necessary through budget amendments”.

Condition:

Overall, the City’s General Fund operated within the budget; however, one department within the General Fund exceeded approved budget appropriations by \$18,137.13. The General Fund’s expenditures for the following department exceeded budget by:

Department	
Park Dept.	18,137.13
Total	<u>\$ 18,137.13</u>

Cause:

The City did not budget enough for various expenses in the General Fund for the specific department or prepare budget amendments.

Effect:

Some of the City’s General Fund expenditures exceeded approved budgeted amounts.

Recommendation:

The City should examine the prior year’s General Fund expenses and anticipate expenses for the upcoming year to make informed decisions on expenses. Amendments to the General Fund budget should also be made in order to comply with State Statutes.

Client Response:

No response.

**Town of Lenapah, Oklahoma
Schedule of Findings and Responses
For the Year Ended June 30, 2013**

2013-4 Segregation of Duties

Criteria:

Incompatible accounting duties should be performed by different individuals when possible.

Condition:

The clerk opens the mail, makes deposits, prepares checks, receives bank statements/ canceled checks and prepares the bank reconciliations. The clerk also records all receipts and disbursements and makes all journal entries in the accounting software.

Cause:

The Town relies on one person to perform all accounting duties.

Effect:

The potential effect is the loss of assets due to not being able to detect losses from fraud or error.

Recommendation:

Separation of duties is one of the most effective controls to prevent or detect misappropriations of assets. When possible, incompatible duties should be performed by different individuals. For example, the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets should be assigned to different people in the Town to the extent possible. Bank statements should be sent directly to a Board member for review and/or reconciliation.

Client Response:

No response.

Town of Lenapah, Oklahoma
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 21,915.02	\$ 18,571.25	\$ 40,486.27
Accounts Receivable	1,975.00	22,865.33	24,840.33
Prepaid Insurance	660.33	320.55	980.88
Total Current Assets	<u>24,550.35</u>	<u>41,757.13</u>	<u>66,307.48</u>
Noncurrent Assets:			
Restricted Assets:			
Cash and Cash Equivalents	-	17,763.50	17,763.50
Investments	-	6,000.00	6,000.00
Total Restricted Assets	<u>-</u>	<u>23,763.50</u>	<u>23,763.50</u>
Capital Assets:			
Non-depreciable	6,250.00	45,351.00	51,601.00
Depreciable	208,180.42	237,578.55	445,758.97
Total Capital Assets, net	<u>214,430.42</u>	<u>282,929.55</u>	<u>497,359.97</u>
Total Noncurrent Assets	<u>214,430.42</u>	<u>306,693.05</u>	<u>521,123.47</u>
 TOTAL ASSETS	 <u>238,980.77</u>	 <u>348,450.18</u>	 <u>587,430.95</u>
 LIABILITIES			
Current Liabilities:			
Accounts Payable	1,626.33	11,340.39	12,966.72
Other Accrued Payables	138.30	1,264.68	1,402.98
Current Portion of Notes Payable	-	9,172.90	9,172.90
Total Current Liabilities	<u>1,764.63</u>	<u>21,777.97</u>	<u>23,542.60</u>
Noncurrent Liabilities:			
Payable from Restricted Assets:			
Meter Deposits Payable	-	12,423.50	12,423.50
Notes Payable	-	38,335.36	38,335.36
Total Noncurrent Liabilities	<u>-</u>	<u>50,758.86</u>	<u>50,758.86</u>
TOTAL LIABILITIES	<u>1,764.63</u>	<u>72,536.83</u>	<u>74,301.46</u>
 NET POSITION			
Net Investment in Capital Assets	214,430.42	235,421.29	449,851.71
Restricted	-	11,340.00	11,340.00
Unrestricted	22,785.72	29,152.06	51,937.78
TOTAL NET POSITION	<u>\$ 237,216.14</u>	<u>\$ 275,913.35</u>	<u>\$ 513,129.49</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Lenapah, Oklahoma
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government:					
Town Clerk/Treasurer	\$ 5,040.00	\$ -	\$ -	\$ -	\$ (5,040.00)
Maintenance and Operation	14,814.47	-	-	-	(14,814.47)
Total General Government	19,854.47	-	-	-	(19,854.47)
Public Safety and Judiciary:					
Fire Department	27,533.03	2,043.00	16,432.13	-	(9,057.90)
Municipal Court	1,464.66	2,089.27	-	-	624.61
Total Public Safety and Judiciary	28,997.69	4,132.27	16,432.13	-	(8,433.29)
Transportation:					
Street and Alley	8,779.46	-	-	-	(8,779.46)
Parks and Recreation:					
Community Center	3,240.19	-	-	-	(3,240.19)
Parks and Recreation	18,637.13	-	-	-	(18,637.13)
Total Parks and Recreation	21,877.32	-	-	-	(21,877.32)
Total Governmental Activities	79,508.94	4,132.27	16,432.13	-	(58,944.54)
Business-Type Activities:					
Water	173,309.16	139,765.36	-	-	(33,543.80)
Total	\$ 252,818.10	\$ 143,897.63	\$ 16,432.13	\$ -	\$ (92,488.34)

(continued)

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Lenapah, Oklahoma
Statement of Activities (continued)
For the Year Ended June 30, 2013

	Governmental Activities	Business-Type Activities	Total
Changes in Net Position:			
Net (Expense)/Revenue	\$ (58,944.54)	\$ (33,543.80)	\$ (92,488.34)
General Revenues:			
Taxes:			
Sales and Use Taxes	15,101.99	-	15,101.99
Franchise and Public Service Taxes	4,284.61	-	4,284.61
Motor Vehicle Collections	2,276.07	-	2,276.07
Alcoholic Beverage Tax	3,402.37	-	3,402.37
Gasoline Tax	768.40	-	768.40
Tobacco Tax	200.60	-	200.60
Investment Income	-	6.99	6.99
Miscellaneous	22,500.57	9.80	22,510.37
Total General Revenues and Transfers	48,534.61	16.79	48,551.40
Change in Net Position	(10,409.93)	(33,527.01)	(43,936.94)
Net Position, Beginning of Year	247,626.07	309,440.36	557,066.43
Net Position, End of Year	\$ 237,216.14	\$ 275,913.35	\$ 513,129.49

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Lenapah, Oklahoma
Balance Sheet – Governmental Funds
June 30, 2013

	General Fund
ASSETS	
Cash and Cash Equivalents	\$ 21,915.02
Accounts Receivable	1,975.00
Prepaid Insurance	660.33
Total Assets	\$ 24,550.35
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable	\$ 1,626.33
Other Accrued Payables	138.30
Total Liabilities	1,764.63
Fund Balance:	
Nonspendable	660.33
Unassigned	22,125.39
Total Fund Balance	22,785.72
Total Liabilities and Fund Balance	\$ 24,550.35
<u>Reconciliation to the Statement of Net Position</u>	
Total Governmental Funds Balance	\$ 22,785.72
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of the assets is \$332,951.26 and the accumulated depreciation is \$118,520.84 for a net book value of \$214,430.42.	214,430.42
Net Position of Governmental Activities	\$ 237,216.14

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Lenapah, Oklahoma
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds
For the Year Ended June 30, 2013

	General Fund
Revenues:	
Taxes	\$ 26,034.04
Grants	8,067.02
Donations	8,365.11
Miscellaneous	26,632.84
Total Revenues	<u>69,099.01</u>
Expenditures:	
General Government	
Town Clerk/Treasurer	5,040.00
Maintenance and Operation	13,564.48
Public Safety and Judiciary	
Fire Department	18,353.71
Municipal Court	1,464.66
Transportation	
Street and Alley	8,779.46
Parks and Recreation	
Community Center	2,402.17
Parks and Recreation	18,637.13
Total Expenditures	<u>68,241.61</u>
Excess (Deficit) of Revenues over Expenditures	857.40
Fund Balance, Beginning of Year	<u>21,928.32</u>
Fund Balance, End of Year	<u><u>\$ 22,785.72</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Lenapah, Oklahoma
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Government-Wide Statement of Activities
For the Year Ended June 30, 2013

Net Change in Fund Balances - Governmental Funds	\$	857.40
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Amounts reported for governmental activities in the Statement of Activities are different because:

In the governmental funds, capital outlays are reported as expenditures while in the government-wide statement of activities, depreciation expense is reported to allocate those expenditures over the life of the assets.

Depreciation expense		<u>(11,267.33)</u>
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Change in Net Position of Governmental Activities	\$	<u><u>(10,409.93)</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Lenapah, Oklahoma
Statement of Net Position – Proprietary Fund
June 30, 2013

	Public Works Authority Enterprise Fund
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 18,571.25
Accounts Receivable	22,865.33
Prepaid Insurance	320.55
Total Current Assets	<u>41,757.13</u>
Noncurrent Assets:	
Restricted Assets:	
Cash and Cash Equivalents	17,763.50
Investments	6,000.00
Total Restricted Assets	<u>23,763.50</u>
Capital Assets:	
Property, Plant and Equipment, net	282,929.55
Total Noncurrent Assets	<u>306,693.05</u>
TOTAL ASSETS	<u><u>348,450.18</u></u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	11,340.39
Other Accrued Payables	1,264.68
Current Portion of Notes Payable	9,172.90
Total Current Liabilities	<u>21,777.97</u>
Noncurrent Liabilities:	
Payable from Restricted Assets:	
Meter Deposits Payable	12,423.50
Notes Payable	38,335.36
Total Noncurrent Liabilities	<u>50,758.86</u>
TOTAL LIABILITIES	<u><u>72,536.83</u></u>
NET POSITION	
Net Investment in Capital Assets	235,421.29
Restricted	11,340.00
Unrestricted	29,152.06
TOTAL NET POSITION	<u><u>\$ 275,913.35</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Lenapah, Oklahoma
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
For the Year Ended June 30, 2013

	Public Works Authority Enterprise Fund
Operating Revenues	
Charges for Services:	
Water Revenue	\$ 77,854.11
Sewer Revenue	28,254.25
Trash Revenue	33,657.00
Total Operating Revenue	<u>139,765.36</u>
Operating Expenses	
Chemicals	14,268.19
Dues	415.00
Depreciation	21,612.50
Fuel	415.81
Insurance	5,038.33
Water Tests	3,182.00
Licenses and Permits	5,339.78
Maintenance and Repairs	14,231.11
Miscellaneous	4,728.37
Office	2,602.51
Payroll Taxes	3,917.13
Professional Fees	4,600.00
Salaries	49,604.82
Supplies	7,967.40
Trash	20,914.75
Utilities	11,818.46
Total Operating Expenses	<u>170,656.16</u>
Operating Income (Loss)	<u>(30,890.80)</u>
Non-Operating Revenues (Expenses)	
Interest Income	6.99
Interest Expense	(2,653.00)
Miscellaneous Income	9.80
Total Non-Operating Revenues (Expenses)	<u>(2,636.21)</u>
Net Income (Loss)	(33,527.01)
Net Position, Beginning of Year	309,440.36
Net Position, End of Year	<u><u>\$ 275,913.35</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Lenapah, Oklahoma
Statement of Cash Flows – Proprietary Fund
For the Year Ended June 30, 2013

	<u>Public Works Authority Enterprise Fund</u>
Cash Flows from Operating Activities	
Cash Inflows:	
Payments Received from Customers	\$ 136,384.15
Cash Outflows:	
Payments for Salaries and Benefits	53,015.19
Payments for Goods and Services	90,591.03
Total Cash Used	143,606.22
Net Cash Provided (Used) by Operating Activities	(7,222.07)
Cash Flows from Capital and Related Financing Activities	
Principal Paid on Capital Debt	(8,726.04)
Interest Paid on Capital Debt	(2,653.00)
Net Cash Provided (Used) by Capital and Related Financing Activities	(11,379.04)
Cash Flows from Investing Activities	
Interest Received	15.87
Royalty Income	9.80
Net Cash Provided (Used) by Investing Activities	25.67
Net Cash Inflow (Outflow) from All Activities	(18,575.44)
Cash and Cash Equivalents, Beginning of Year	54,910.19
Cash and Cash Equivalents, End of Year	<u>\$ 36,334.75</u>
Cash and Cash Equivalents	
Unrestricted	\$ 14,334.49
Restricted	22,000.26
	<u>\$ 36,334.75</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

Town of Lenapah, Oklahoma
Statement of Cash Flows – Proprietary Fund
For the Year Ended June 30, 2013

	Public Works Authority <u>Enterprise Fund</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ (30,890.80)
Depreciation	21,612.50
(Increase) Decrease in:	
Accounts Receivable	(3,381.21)
Prepaid Insurance	202.31
Increase (Decrease) in:	
Accounts Payable	4,728.37
Other Accrued Payables	<u>506.76</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (7,222.07)</u></u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**Town of Lenapah, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013**

I. Summary of Significant Accounting Policies

The following notes to the financial statements are an integral part of the Town's financial statements.

The municipal government of the Town of Lenapah ("Town") is organized under the statutory Town Board of Trustees form of government, as outlined in 11 O.S. § 12-101. The Town is governed by the Town Board of Trustees (Town Board), which consists of five members – called town trustees – who are elected at large but who live in five respective wards. The Town Board elects one of its members to serve as mayor. The town clerk-treasurer is also elected at large.

The Lenapah Public Works Authority (LPWA) is a public trust established by 60 O.S. § 176. The LPWA operates a utility service that provides water service to the residents of Lenapah. As provided for by the LPWA's trust indenture, the members of the Town Board serve ex officio as the trustees of the LPWA.

The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide Statement of Net Assets and Statement of Activities, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Proprietary funds also apply the same principles. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this Note.

A. Reporting Entity

The Town's financial reporting entity is comprised of the following:

Primary Government: Town of Lenapah

Blended Component Unit: Lenapah Public Works Authority

In determining the financial reporting entity, the Town complies with the provisions of Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" and includes all component units of which the Town appointed a voting majority of the units' board and the Town is either able to impose its will on the unit or a financial benefit or burden relationship exists.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the Town Council or the component unit provides services entirely to the Town. The component unit's fund is blended into those of the Town's by appropriate activity type to comprise the primary government presentation.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the Town has no discretely presented component units.

**Town of Lenapah, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013**

I. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

Blended Component Units

Component units that are blended into the reporting activity types of the Town's reports are presented below:

Component Unit	Brief Description/Inclusion Criteria	Reporting
Lenapah Public Works Authority	Created to finance, develop and operate the water services activities. The current Town Council serves as the governing body (Trustees). Any issuance of debt would require a two-thirds approval of the Town Council.	Enterprise Fund

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Town departments. Reimbursements are reported as reductions to expenses. Proprietary fund financial statements and financial statements of component units also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, other taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

**Town of Lenapah, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013**

I. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities and Equity

Cash and Investments

For the purpose of the Statement of Net Position, “cash, including time deposits” includes all demand, savings accounts and certificates of deposit of the Town. For the purposes of the proprietary fund Statement of Cash Flows, “cash and cash equivalents” includes all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include sales, use taxes, and franchise taxes. Business-type activities report water charges as its major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and other intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis of accounting. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable comprise the majority of proprietary fund receivables.

Capital Assets

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

**Town of Lenapah, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013**

I. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities and Equity (continued)

Capital Assets (continued)

Government-Wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The Town currently has no capitalization policy.

The range of estimated useful lives by type of asset is as follows:

Buildings	50-80 years
Improvements	20 years
Machinery and Equipment	5-50 years
Utility System	40 years
Infrastructure	20 years
Parks	50-100 years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Restricted Assets

Restricted assets include cash and investments of the proprietary fund that are legally restricted as to their use. Financial requirements of the promissory notes with RDA require that funds be held in a reserve account. Under the terms and provisions of the promissory notes, these funds are maintained with the Trustee bank and are not subject to lien or attachment by any other creditors. These funds are to be maintained so long as the notes are outstanding. Also included in restricted assets are funds on deposit representing utility customer meter deposits which are refundable to the customer.

**Town of Lenapah, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013**

I. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities and Equity (continued)

Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists of notes payable.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as revenue and payments of principal and interest are reported as expenditures. The accounting for long-term debt of the proprietary fund is the same in the fund statements as it is in the government-wide statements.

Equity Classifications

Net Position/Fund Balance

In the government-wide financial statement, net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws or other governments, or are imposed by law through constitutional provisions or enabling legislation.

In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints places on the use of resources for specific purposed versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e, fund balance associated with assets that are not in spendable form, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund)) and those that are *spendable* (such as fund balance associated with cash, investments or receivables).

Amounts in the *spendable* fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors, or laws and regulations of other governments; or by law through constitutional provision or enabling legislation.

**Town of Lenapah, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013**

I. Summary of Significant Accounting Policies (continued)

C. Assets, Liabilities and Equity (continued)

Equity Classifications (continued)

Net Position/Fund Balance (continued)

Committed fund balance represents amounts that are usable only for specific purposes by formal action of the government's highest level of decision making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes by taking action similar to that which imposed the commitment. The Town's Board of Trustees is the highest level of decision making authority of the Town.

Assigned fund balance represents amounts that are *intended* to be used for specific purposes but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds *other than the general fund*, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

Resource Use Policy

It is in the Town's policy for all funds that when an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources, including fund balances, are available, the Town considers the restricted amounts to be spent first before any unrestricted amounts are used. Furthermore, it is the Town's policy that when an expenditure/expense is incurred for purposes for which committed, assigned or unassigned resources, including fund balances, are available, the Town considers committed, amounts to be spent first, followed by assigned amounts, and lastly, unassigned amounts.

D. Revenues, Expenditures, and Expenses

Sales Tax

The Town presently levies a sales tax on taxable sales within the Town. The sales tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission. The Tax Commission receives the sales tax approximately one month after collection by vendors. The sales tax is recorded entirely in the General Fund.

**Town of Lenapah, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013**

I. Summary of Significant Accounting Policies (continued)

D. Revenues, Expenditures, and Expenses (continued)

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character: Current (further classified by function), Debt Service, Capital Outlay

Proprietary Funds – By Operating and Non-Operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

II. Stewardship, Compliance and Accountability

By its nature as a local government unit, the Town and its component unit are subject to various federal, state, and local laws and contractual regulations. An analysis of the Town's compliance with significant laws and regulations and demonstration of its stewardship over Town resources follows.

A. Fund Accounting Requirements

The Town complies with all state and local laws and regulations requiring the use of separate funds. The legally required funds used by the town include the following:

<u>Fund</u>	<u>Required By</u>
Utility Authority Fund	Trust Indenture

**Town of Lenapah, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013**

II. Stewardship, Compliance and Accountability (continued)

B. Deposit and Investments Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Oklahoma or political subdivision debt obligations or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the Town must have a written collateral agreement approved by the board of directors or loan committee. As reflected in note III A., all deposits were fully insured or collateralized.

C. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Gasoline Excise Tax	Street and Alley Purposes
Commercial Vehicle Tax	Street and Alley Purposes
Utility Revenue	Debt Service and Utility Operations

For the year ended June 30, 2013, the Town complied, in all material respects, with these revenue restrictions.

D. Debt Restrictions and Covenants

General Obligation Debt

Article 10, Sections 26 and 27 of the Oklahoma Constitution limits the amount of outstanding general obligation bonded debt of the municipality for non-utility or non-street purposes to no more than 10% of net assessed valuation. For the year ended June 30, 2013, the Town had no outstanding general obligation debt.

Other Long-Term Debt

Except as noted in the following paragraph, as required by the Oklahoma State Constitution, the Town (excluding Public Trusts) may not incur any indebtedness that would require payment from resources beyond the current fiscal year revenue, without first obtaining voter approval. For the year ended June 30, 2013, the Town incurred no such indebtedness.

**Town of Lenapah, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013**

II. Stewardship, Compliance and Accountability (continued)

D. Debt Restrictions and Covenants (continued)

Notes Payable

The various loan agreements relating to the notes payable issuances of Lenapah Public Works Authority contain some financial restrictions or covenants. These include covenants such as the required reserve account balances. The following schedule presents a brief summary of the most significant requirements and the Authority's level of compliance thereon as of June 30, 2013.

<u>Requirement</u>	<u>Level of Compliance</u>
Reserve Account Requirement (RDA Loan Agreements)	
Account balance should be equal to \$11,340.00 or 12 months of debt service payments.	Account balance at June 30, 2013 is \$14,008.32.

In regards to the compliance requirement, the Authority has an excess of \$2,668.32 in the Debt Reserve Account.

E. Fund Equity Restrictions

Deficit Prohibition

Title 11, Section 17-211 of the Oklahoma Statutes prohibits the creation of a deficit fund balance in any individual fund. The Town complied with this statute in all material respects for the year ended June 30, 2013.

III. Detailed Notes on Transaction Classes/Accounts

A. Cash and Investments

Authorized Investments

Town policy for eligible investments is governed by State statutes which, in general, allow the Town to invest in obligations of the United States and insured or collateralized Certificate of Deposits. Investment income is recorded in the fund in which it is earned.

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town's cash deposits are maintained in financial institutions. As of June 30, 2013, none of the Town's deposits was exposed to custodial credit risk.

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Town of Lenapah, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013

III. Detailed Notes on Transaction Classes/Accounts (continued)

B. Restricted Assets

The amounts reported as restricted assets are comprised of cash held in trust on behalf of the Public Works Authority related to their required note payable reserve account and amounts held in trust for customer utility meter deposits.

The restricted assets as of June 30, 2013 are as follows:

Meter Deposits	\$ 12,423.50
Reserve Accounts	11,340.00
Total	<u>\$ 23,763.50</u>

The Customer Utility Meter Deposit account has an excess of \$1,568.44 in regards to Meter Deposits Payable.

C. Accounts Receivable

Accounts receivable of the governmental activities consists of franchise tax, occupation tax, sales and use tax, motor vehicle collections and gasoline tax, alcoholic beverage tax, and grants receivable. Accounts receivable of the business-type activities consists of utilities receivable.

Accounts receivable as of June 30, 2013 is as follows:

	Governmental Activities	Business-Type Activities	Total
Accounts Receivable	<u>\$ 1,975.00</u>	<u>\$ 22,865.33</u>	<u>\$ 24,840.33</u>

Town of Lenapah, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013

III. Detailed Notes on Transaction Classes/Accounts (continued)

D. Capital Assets

Capital asset activity for the year was as follows:

	Balance June 30, 2012	Additions	Disposals	Balance June 30, 2013
Governmental Activities:				
Non-depreciable assets:				
Land	\$ 6,250.00	\$ -	\$ -	\$ 6,250.00
	6,250.00	-	-	6,250.00
Depreciable assets:				
Buildings/Improvements	140,281.41	-	-	140,281.41
Equipment	55,914.85	-	-	55,914.85
Vehicles	130,505.00	-	-	130,505.00
Total	326,701.26	-	-	326,701.26
Accumulated Depreciation:				
Buildings/Improvements	(28,954.73)	(2,338.01)	-	(31,292.74)
Equipment	(22,491.25)	(2,320.74)	-	(24,811.99)
Vehicles	(55,807.53)	(6,608.58)	-	(62,416.11)
	(107,253.51)	(11,267.33)	-	(118,520.84)
Depreciable assets, net	219,447.75	(11,267.33)	-	208,180.42
Net Capital Assets	\$ 225,697.75	\$ (11,267.33)	\$ -	\$ 214,430.42
Business-Type Activities:				
Non-depreciable assets:				
Land	\$ 45,351.00	\$ -	\$ -	\$ 45,351.00
	45,351.00	-	-	45,351.00
Depreciable assets:				
Equipment	20,290.84	-	-	20,290.84
Sewer System	739,523.58	-	-	739,523.58
Water System	182,212.89	-	-	182,212.89
	942,027.31	-	-	942,027.31
Total	987,378.31	-	-	987,378.31
Accumulated Depreciation:				
Equipment	(20,290.84)	-	-	(20,290.84)
Sewer System	(559,491.78)	(18,165.68)	-	(577,657.46)
Water System	(103,053.64)	(3,446.82)	-	(106,500.46)
	(682,836.26)	(21,612.50)	-	(704,448.76)
Depreciable assets, net	259,191.05	-	-	259,191.05
Net Capital Assets	\$ 304,542.05	\$ (21,612.50)	\$ -	\$ 282,929.55

**Town of Lenapah, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013**

III. Detailed Notes Concerning the Funds (continued)

D. Capital Assets (continued)

Depreciation expense was charged to governmental activities as follows:

General Government	\$ 1,249.99
Fire	9,179.32
Community Center	838.02
Total Depreciation Expense	<u>\$ 11,267.33</u>

E. Long-Term Debt

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental Activities

As of June 30, 2013, the financial reporting entity had no governmental long-term debt.

Business-Type Activities

As of June 30, 2013, the long-term debt payable from proprietary fund resources consisted of the following:

A note payable (#91-01) due to the Rural Development Authority in the principal amount of \$85,000.00 was issued on September 30, 1991. The note bears interest at 5% with interest only due for the first two years and then monthly installments of \$418.00 starting November 30, 1992.

The note matures as follows:

Year Ended June 30,	Principal	Interest	Total
2014	\$ 4,153.18	\$ 862.82	\$ 5,016.00
2015	4,365.65	650.35	5,016.00
2016	4,588.98	427.02	5,016.00
2017	4,823.79	192.21	5,016.00
2018	1,211.20	9.98	1,221.18
Totals	<u>\$ 19,142.80</u>	<u>\$ 2,142.38</u>	<u>\$ 21,285.18</u>

Town of Lenapah, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013

III. Detailed Notes Concerning the Funds (continued)

E. Long-Term Debt (continued)

Business-Type Activities (continued)

A note payable (#91-02) due to the Rural Development Authority in the principal amount of \$67,200.00 was issued on September 30, 1991. The note bears interest at 5% with interest only due for the first two years and then monthly installments of \$330.00 starting November 30, 1992.

The note matures as follows:

Year Ended June 30,	Principal	Interest	Total
2014	\$ 3,198.04	\$ 761.96	\$ 3,960.00
2015	3,361.67	598.33	3,960.00
2016	3,533.65	426.35	3,960.00
2017	3,714.43	245.57	3,960.00
2018	2,884.03	59.99	2,944.02
Totals	<u>\$ 16,691.82</u>	<u>\$ 2,092.20</u>	<u>\$ 18,784.02</u>

A note payable (#91-03) due to the Rural Development Authority in the principal amount of \$15,000.00 was issued on September 30, 1991. The note bears interest at 5% with interest only due for the first two years and then monthly installments of \$74.00 starting November 30, 1992.

The note matures as follows:

Year Ended June 30,	Principal	Interest	Total
2014	\$ 735.56	\$ 152.44	\$ 888.00
2015	773.20	114.80	888.00
2016	812.75	75.25	888.00
2017	854.33	33.67	888.00
2018	206.99	1.67	208.66
Totals	<u>\$ 3,382.83</u>	<u>530.27</u>	<u>4,648.66</u>

Town of Lenapah, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013

III. Detailed Notes Concerning the Funds (continued)

E. Long-Term Debt (continued)

Business-Type Activities (continued)

A note payable (#91-04) due to the Rural Development Authority in the principal amount of \$25,000.00 was issued on September 30, 1991. The note bears interest at 5% with interest only due for the first two years and then monthly installments of \$123.00 starting November 30, 1992.

The note matures as follows:

Year Ended June 30,	Principal	Interest	Total
2014	\$ 1,086.12	389.88	1,476.00
2015	1,141.71	334.29	1,476.00
2016	1,200.09	275.91	1,476.00
2017	1,261.52	214.48	1,476.00
2018	1,326.04	149.96	1,476.00
2019	2,275.33	9.48	2,284.81
Totals	<u>\$ 8,290.81</u>	<u>1,374.00</u>	<u>9,664.81</u>

Debt service requirements for all business-type activities are as follows:

Year Ended June 30,	Principal	Interest	Total
2014	\$ 9,172.90	\$ 2,167.10	\$ 11,340.00
2015	9,642.23	1,697.77	11,340.00
2016	10,135.47	1,204.53	11,340.00
2017	10,654.07	590.22	11,244.29
2018	5,628.26	221.60	5,849.86
2019	2,275.33	9.48	2,284.81
Totals	<u>\$ 47,508.26</u>	<u>\$ 5,890.70</u>	<u>\$ 53,398.96</u>

F. Changes in Long-Term Debt

The following is a summary of the changes in general long-term debt for the fiscal year ended June 30, 2013:

	Balance June 30, 2012	Proceeds	Payments	Balance June 30, 2013	Due Within One Year
Business-Type Activities:					
Notes Payable	<u>\$ 56,234.30</u>	<u>\$ -</u>	<u>\$ 8,726.04</u>	<u>\$ 47,508.26</u>	<u>\$ 9,172.90</u>

Town of Lenapah, Oklahoma
Notes to the Financial Statements
For the Year Ended June 30, 2013

IV. Other Information

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The Town purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the prior years.

B. Proprietary Fund Rates and Charges

<u>Water Service Rates</u>		
	<u>Inside Town</u>	<u>Rural</u>
Monthly Charge	\$ 33.00	\$ 39.00
Price per thousand gallons on gallons up to 6,000 gallons	4.40	4.40
Price per thousand gallons on gallons over 6,000 gallons	6.60	6.60
<u>Sewer Service Rates</u>		
	<u>Inside Town</u>	<u>Rural</u>
Price for the first thousand gallons	\$ 14.00	\$ 16.00
Price per thousand gallons over 1,000 gallons	2.00	2.00
<u>Trash Service Rates</u>		
	<u>Regular Trash Service</u>	<u>Senior Citizen Trash Service</u>
Monthly Charge	\$ 18.00	\$ 15.75
<u>Initial Meter Installation Fees</u>		
	<u>Inside Town</u>	<u>Rural</u>
Water Tap	\$ 300.00	\$ 500.00
Sewer Tap	300.00	500.00
<u>Utility Deposits</u>		
	<u>Property Owner</u>	<u>Tenant</u>
Water	\$ 80.00	\$ 160.00
Sewer	20.00	40.00
Trash	15.00	30.00

C. Subsequent Events

Management has evaluated subsequent events through April 5, 2017, which is the date the financial statements were available to be issued and have determined that no additional information needs to be added to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Lenapah, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and
Changes in Fund Balances - Budget and Actual -
Regulatory Basis - General Fund
For the Year Ended June 30, 2013

	Budgeted Amounts			Budget Variance	
	Original	Final	Actual	Original to Final	Final to Actual
Revenues:					
Charges for Services	\$ 5,329.80	\$ 5,329.80	\$ 4,132.27	\$ -	\$ (1,197.53)
Local Sources	5,609.65	5,609.65	16,432.13	-	10,822.48
State Sources	27,641.50	27,641.50	26,034.04	-	(1,607.46)
Miscellaneous	3,246.31	3,246.31	22,500.57	-	19,254.26
Total Revenues Collected	41,827.26	41,827.26	69,099.01	-	27,271.75
Expenditures:					
Clerk/Treasurer	6,100.00	6,100.00	5,040.00	-	1,060.00
Attorney	-	-	-	-	-
Court	1,500.00	1,500.00	1,464.66	-	35.34
EMS	-	-	-	-	-
Community Center	3,000.00	3,000.00	2,402.17	-	597.83
General Government	21,632.74	21,632.74	13,564.48	-	8,068.26
Street and Alley	9,500.00	9,500.00	8,779.46	-	720.54
Audit	-	-	-	-	-
Animal Control	-	-	-	-	-
Park	500.00	500.00	18,637.13	-	(18,137.13)
Police	-	-	-	-	-
Fire Department	20,000.00	20,000.00	18,353.71	-	1,646.29
Fire Dept Capital Outlay	-	-	-	-	-
Fire Dept Sales Tax	-	-	-	-	-
Total Expenditures Paid	62,232.74	62,232.74	68,241.61	-	(6,008.87)
Excess (Deficit) of Revenues					
Collected Over (Under)					
Expenditures Paid	(20,405.48)	(20,405.48)	857.40	-	21,262.88
Cash Fund Balance					
Beginning of Year	20,405.48	20,405.48	20,405.48	-	-
Cash Fund Balance					
End of Year	\$ -	\$ -	\$ 21,262.88	\$ -	\$ 21,262.88

Amounts reported for general fund cash fund balance in the Balance Sheet of Governmental Funds is different because this schedule is prepared on a regulatory basis of accounting. The differences are attributable to:

Accounts Receivable	1,975.00
Prepaid Insurance	660.33
Cash difference between budget and audit	<u>(1,969.89)</u>

Cash Fund Balance - General Fund	<u>\$ 21,928.32</u>
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Unaudited

OTHER SUPPLEMENTAL INFORMATION

Town of Lenapah, Oklahoma
Schedule of Expenditures of State & Federal Awards
For the Year Ended June 30, 2013

Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Program or Award Amount	Revenue Collected	Total Expenditures
State of Oklahoma Programs:				
Passed through the Oklahoma Department of Agriculture Rural Fire Defense Grant		\$ 4,484.35	\$ 4,484.35	\$ 4,484.35
Cherokee Nation Grant:				
Fire Department Grant		<u>3,582.67</u>	<u>3,582.67</u>	<u>3,582.67</u>
Total Expenditures of Awards		<u>\$ 8,067.02</u>	<u>\$ 8,067.02</u>	<u>\$ 8,067.02</u>